



U.S. Department
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**National Highway
Traffic Safety
Administration**

A Guide to Self-Sufficient Funding of Alcohol Traffic Safety Programs

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CHAPTER I

INTRODUCTION

In recent years, activist groups, public officials, and the media have done much to focus public attention on the threat posed by drinking drivers. As a result, a ground swell of public pressure has been brought to bear on legislators, enforcement officials, and judges to "get tough" and "crack down" on drunk drivers. Energy has been devoted to tightening up the DWI laws, stiffening penalties (and making their imposition mandatory), stepping up enforcement activities, and increasing conviction rates.

While the climate is now right for calling for -- and even legislating -- measures to combat drunk driving, paying for these initiatives has never been more problematic. Though many people want increased alcohol traffic safety programs and services, few are anxious to pay higher taxes to put these services into place. At the same time that demands to "do something" about drunk drivers are increasing, we also realize that city, county, and state budgets are hard pressed to meet other social needs -- some of which may be more fundamental.

The competition for general funds is tough and getting tougher. Despite public interest, there is no assurance that -- over the long run -- alcohol traffic safety programs can compete successfully for public monies against older social programs with larger, more established constituencies. Given the harsh physical and political realities of today, it is imperative that alcohol traffic safety programs provide a maximum level of service at a minimum cost to the public. A partial means to this end is to place these programs on a financially self-sufficient footing.

FINANCIAL SELF-SUFFICIENCY -- THE GOAL

If the general public cannot be expected to pay for alcohol traffic safety programs, who will foot the bill? Many people believe that those who create a social problem should pay for the remedy. Thus, those convicted of driving while intoxicated and those who contribute most heavily to alcohol-related crashes (i.e., those who drink frequently and heavily) would bear the cost of alcohol traffic safety programs. Programs supported by the people who create the alcohol safety problem, rather than the public, may be considered "self-sufficient."

To be completely self-sufficient, a program may have to generate -- from drunken drivers and heavy drinkers -- enough revenue to pay for all elements of program operations, including enforcement, adjudication, rehabilitation, treatment, public information, and education, as well as general administration. At this time, no alcohol traffic safety program in the United States has attained complete financial self-sufficiency. This is not to say that complete self-sufficiency is unattainable -- only that it has not yet been achieved.

SOURCES OF SELF-SUFFICIENT FUNDS

Most governmental programs are supported by money from the "general fund." Monies in the general fund are collected principally by means of income and sales taxes at the state level, or property taxes at the local level.

This manual deals with "self-sufficient" funding, which covers collections from those who cause the drinking driving problem. There are four types of funds discussed:

- **Fees**

Fees are amounts paid by individuals for services that they themselves receive. The most common example of a fee in the drinking-driving program is the fee collected by agencies that provide rehabilitation or treatment for convicted drinking drivers.

- **Assessments**

Assessments are amounts paid by the convicted drinking drivers that go to meet costs incurred in dealing with the drinking-driving problem, including costs of things that individual drivers may not actually receive. Assessments may cover such things as blood alcohol testing, probation services, or administration of alcohol programs.

- **Fines**

Fines are a part of the penalty placed by the court on the convicted drinking driver, and they generally reflect the seriousness of the offense in the eyes of the court. The monies from the fines may be used to help meet costs, but most often they go to the general funds of the locality in which the court is located.

- **Alcohol Taxes**

Most states, as well as the Federal government, place a tax on alcohol and use the money for anything they want. Some states, such as Maine and South Carolina, collect special alcohol taxes which go to a fund for the treatment of alcohol problems.

A BASIC UNDERSTANDING OF FUNDING SYSTEMS

While you need not be an expert in finance or accounting to promote self-sufficient funding of alcohol traffic safety programs, you do need a basic understanding of your state and/or local financing system if efforts to produce a self-sufficient program are to be successful. It is necessary to keep in mind not only the source of funds but also the methods by which they will be handled to insure that they go to the activities that support alcohol safety. An otherwise successful effort can be undone by diversion of the funds into other programs.

The following are six basic questions regarding the elements of funding systems:

1. **Who pays?**

It is the intention of self-sufficient funding that the convicted drinking driver or the heavy drinker pay for the alcohol traffic safety program.

2. How and where is the money collected?

Most fines, fees, or assessments are collected by the courts. Fees for treatment are frequently collected by the organization that provides the service.

3. Where are the funds kept?

Funds collected from special fees or assessments by the courts are most frequently deposited in the general fund that is used to pay all government bills. Sometimes, however, they are kept in a special fund to insure that they are used only for the purpose intended.

4. Who controls the spending?

Once the funds have been collected, someone must decide how, when, and for what purpose these monies should be spent. This can be specified in the law that authorizes the fee, or it may be left to the legislature or a government agency.

5. How are expenditures administered?

The administration of some funds is very easy and direct (such as a treatment agency collecting a fee and using it to provide services). In other cases, the process is a long and involved one. The funds collected by the court may be deposited with the state and appropriated by the legislature to an executive agency that, in turn, contracts with a service supplier.

6. What are the funds used for?

Effective alcohol traffic safety programs involve many activities -- enforcement, judicial procedures, rehabilitation, treatment, public information, education, and program administration. Some states allocate the funds to only one or two of these elements, while in other states the funds collected may be used for many of these activities.

In developing a system for self-sufficient funding, it is important to keep in mind questions such as these to insure that a comprehensive and effective system has been developed. This manual will provide guidance in each of these areas.

ABOUT THIS MANUAL

This manual has been written for people -- officials, administrators, and private citizens -- who wish to make alcohol traffic safety programs more financially self-sufficient. It summarizes the experience of various cities, counties, and states that have achieved greater self-sufficiency for their alcohol programs by tapping funding sources other than the general fund, and presents the lessons to be learned from these experiences in a way that will help readers determine the most promising path to program self-sufficiency in their own areas.

- Chapter II describes how to determine program funding needs by providing guidelines for quantifying costs and revenues attached to all alcohol traffic safety program activities. It also provides methods for determining how much money is needed to make the program self-sufficient.

- Chapters III through VI describe funding needs by examining the strengths and weaknesses of the four prime funding sources: fees, assessments, fines, and alcohol taxes.
- Chapter VII describes how to establish self-sufficient funding systems and the procedures for getting legislation passed.
- Chapter VIII describes how to administer a self-sufficient funding system and provides guidelines for effective collection and distribution of funds with special emphasis on how to control the ways funds are used.

No single method of funding is recommended. A method used successfully in one area or jurisdiction may be completely unsuitable for another because of the differences in law or policy. The manual can only identify the advantages, disadvantages, and pitfalls of each funding approach. It is up to readers to weigh these considerations in light of legal standards and administrative practices prevailing in their own areas.

The information and recommendations presented in this manual are the result of research conducted by the National Public Services Research Institute under contract to the National Highway Traffic Safety Administration (NHTSA). Readers interested in a detailed discussion of this research effort and its findings are referred to the NHTSA publication *Self-Sufficient Alcohol Safety Programs: Final Report, 1982*.

CHAPTER II

HOW TO DETERMINE COSTS, REVENUES, AND NEEDS

People who are interested in developing self-sustaining alcohol traffic safety programs must begin by doing their homework: the collection of the basic information that will be needed to persuade legislators and administrators to take the actions necessary to produce a source of funds that can support an intensive alcohol traffic safety effort. Four types of information are needed to plan an effective financing program:

- What are the accidents caused by drunk drivers currently costing your community?
- How much does an effective alcohol traffic safety program cost?
- How much revenue is currently being applied toward a self-sufficient community alcohol traffic safety program?
- How much must community revenues increase in order to obtain a self-sufficient alcohol traffic safety program?

In this Chapter a method for answering each of these questions is described, and forms are provided for the collection of the necessary information.

ESTIMATING THE COST OF DRUNK DRIVING ACCIDENTS TO YOUR COMMUNITY

When going to the public or to government officials for additional funding for alcohol safety, it is important to be able to dramatize to them the losses which the community is experiencing from drunk drivers. Since only a portion of the accidents which occur in the community are investigated for the role that alcohol played in producing the crash, it is not possible to take accident data and correctly determine losses due to drunk drivers. The total number of alcohol-related crashes must be *estimated*. Further, the actual cost to the communities for these accidents is not normally recorded. Costs such as "days of work lost because of injury" are not shown on accident files, therefore these costs must also be estimated. Fortunately, a number of special research studies have been conducted that provide a basis for estimating the proportion of all accidents that are alcohol related and the average cost of each accident.

The following Table shows how to estimate the total cost of alcohol-related accidents to your community:

TABLE 1
ESTIMATING THE COST OF ALCOHOL-RELATED ACCIDENTS

<u>Number of Accidents</u>		<u>Percent Alcohol Related</u>		<u>Alcohol- Related Accidents</u>		<u>Cost Per Case</u>		<u>Total Cost</u>
Fatalities	_____ x	50 %	=	_____ x		\$ 300,000	=	\$ _____
Injuries	_____ x	18 %	=	_____ x		\$ 5,000	=	\$ _____
Property Damage Only	_____ x	5 %	=	_____ x		\$ 1,000	=	\$ _____
GRAND TOTAL								\$ _____

Here's how to fill out the Table:

Number of Accidents

From your highway department, state police, or highway safety office, obtain the number of "fatalities," "injuries," and "property damage only" accidents that occurred in your community. Enter the numbers in the appropriate blanks in the column marked "Number of Accidents." In filling out the column, observe the following rules:

- If your "community" is a very large city, or the entire state, you can use last year's accident figures. Otherwise, it is best to get figures for several years and average them.
- Be sure to use *fatalities* and *injuries* -- that is, the number of people killed and injured, and not the number of "fatal accidents" or "injury accidents."
- If you cannot get accident data for your community, just leave the first column blank and go on to the next step.

Alcohol-Related Accidents

The number of alcohol-related accidents in your community can be estimated by multiplying the numbers in the first column by the "Percent Alcohol Related" given in the second column. Write the result in the third column ("Alcohol-Related Accidents").

If you could not obtain accident figures for your community, and left the first column blank, you can estimate the number of "Alcohol-Related Accidents" from the *population* of your community. Multiply the population:

by .0001, and enter the result as "Fatalities"

by .0027, and enter the result as "Injuries"

by .0095, and enter the result as "Property Damage Only"

Example: If the population of your community is 100,000:

$100,000 \times .0001 = 10$ Alcohol-Related Fatalities

$100,000 \times .0027 = 270$ Alcohol-Related Injuries

$100,000 \times .0095 = 950$ Alcohol-Related Property Damage Accidents

This procedure is based upon national statistics and only provides a rough estimate of the number of alcohol-related accidents in your community. It should only be used when you cannot obtain the accident figures.

Estimated Cost

To estimate the cost associated with each type of accident, multiply the number you wrote in the column "Alcohol-Related Accidents" by the dollar figure in the column entitled "Cost Per Case," and enter the result in the column "Total Cost." Then add down the last column and enter that sum as the "Grand Total." This figure is an estimate of the total amount that alcohol-related accidents are costing your community.

If you happen to use the population of your community rather than accident figures, you will notice that the "Grand Total" is equal to the population multiplied by 53 (if it doesn't, there's something wrong with your arithmetic). This means that the cost of alcohol-related accidents to your community each year is approximately \$ 53 for each man, woman, and child living there. Of course, this estimate is based upon national figures. It gives you some idea, however, of what the cost of drinking and driving really amount to. In a community of 100,000 people, the total cost of alcohol-related accidents runs to approximately \$ 5.3 million per year!

ESTIMATING THE COST OF AN ALCOHOL SAFETY PROGRAM

Once you have figured out what alcohol-related accidents are costing your community, the next question will be "what does it cost to combat the problem?" The cost of an effective alcohol safety program depends on two things:

- DWI Costs -- the cost of arresting, prosecuting, and rehabilitating the drinking drivers
- Number of Arrests -- the number of drinking drivers who are arrested

DWI Costs

No one knows exactly what it costs to arrest, prosecute, and rehabilitate a drinking driver. However, an estimate of these costs was developed as part of the 1982 NPSRI/NHTSA study mentioned in Chapter I. These estimates are as follows:

TABLE 2
COSTS FOR ARRESTING, PROSECUTING,
AND REHABILITATING THE DRINKING DRIVER

<u>Alcohol Program Activity</u>	<u>Estimated Cost</u>
Enforcement	
DWI Patrol	\$ 100
Chemical Testing	<u>25</u>
Total	\$ 125
Adjudication	
Prosecution	\$ 50
Court Costs	50
Pre-sentence Investigation	25
Probation	40
Public Defender	<u>30</u>
Total	\$ 195
Corrections	
Rehabilitation	\$ 50
Detoxification	35
Jail	35
Licensing Action	<u>10</u>
Total	\$ 130
Management	
Administration	\$ 17
Public Information	<u>10</u>
Total	\$ 27
	<u><u> </u></u>
TOTAL COST	\$ 477

Four hundred seventy seven dollars per arrested DWI is an expensive program. Very few communities spend anywhere near this amount in their efforts to combat drinking and driving. Few communities maintain the level of effective enforcement needed to become a real deterrent to drinking and driving; and few communities provide the level of effective prosecution needed to make mandatory license suspensions, community service, or jail sentences work.

Number of Arrests

The number of DWIs that will be arrested in any community depends upon how vigorous the DWI enforcement is. Nationally, about one percent of the nation's drivers are arrested for alcohol-related offenses each year. It has been estimated that a really effective enforcement program will double that figure, resulting in the arrest of about two percent of the drivers. The estimate of enforcement costs in the preceding Table (\$ 125 per DWI) is based upon a level of enforcement capable of achieving a two percent arrest rate.

Two percent of the licensed drivers in any community translates to approximately 1.2 percent of a community's total population. In a community with a population of 100,000, 1.2 percent would be 1,200 DWI arrests each year.

Total Alcohol Safety Program Cost

If the cost of an effective alcohol safety program is approximately \$ 477 per arrested DWI, and approximately 1.2 percent of a community's population is arrested for DWI each year, the cost of the alcohol safety program to the community can be estimated as follows: population x (\$ 477 x .012) or population x \$ 5.72. Thus, the cost of an effective alcohol safety effort works out to approximately \$ 5.72 per resident of a community.

TABLE 3
COST OF AN EFFECTIVE ALCOHOL
SAFETY PROGRAM TO THE COMMUNITY

Population		_____
Cost Per Resident	x	\$ 5.72
		=====
TOTAL	=	_____

In a community with a population of 100,000, this adds up to \$ 572,000.

While the cost of an alcohol safety program is only ten percent of the cost of alcohol-related accidents to the community, it is still a large figure. It is a small wonder that more and more communities are looking for ways to force the DWIs to foot the bill themselves.

Treatment Costs

The estimate of alcohol safety program costs did not include the cost of long-term treatment for problem drinkers and alcoholics. The average blood alcohol concentration (BAC) of convicted DWIs is in excess of .15 -- a level indicative of problem drinking. Recent research has shown that effective treatment of problem drinkers can take up to a year. The cost can range up to \$ 600 per person per year. In order to add the treatment costs to the total cost of an alcohol safety program, it would be necessary to arrive at an average cost per arrested DWI. This is impossible to do without knowing what proportion of convicted DWIs should be referred to treatment, and what would be the average length of treatment required. However, given the high proportion of DWIs that are problem drinkers, and the length of treatment generally required, it is not unreasonable to think that the inclusion of long-term treatment could total about \$ 300 per DWI.

The costs of extensive treatment have been separated from other program costs for two reasons: first, there is uncertainty as to what these costs really are; and secondly, there is uncertainty as to whether long-term treatment is part of the drinking driving problem or of a more basic drinking problem. The fact that the costs of treating problem drinking and alcoholism are kept separate from other costs does not mean they will be ignored. They will continue to be discussed along with other costs, particularly in connection with alcohol taxes, a source of funding that is particularly appropriate for support of alcohol programs.

ESTIMATING CURRENT REVENUES

Having figured out what an effective alcohol safety program costs, the next step in determining financing requirements is to find out how much revenue is being raised already. The following are suggestions for finding out just what this figure is. In order to be compared with program costs, revenues have to be listed on a per-DWI basis (most revenue figures will be obtained in this form anyway). Enter the amounts obtained in the following "Current Program Revenues" Table.

TABLE 4
CURRENT PROGRAM REVENUES

<u>Source</u>	<u>Amount Per DWI</u>
Alcohol Safety Program	
Rehabilitation Fees	\$ _____
Assessments	\$ _____
Fines	\$ _____
Alcohol Taxes	\$ <u> </u>
TOTAL	\$ _____
Alcohol Treatment Program	
Treatment Fees	\$ _____
Alcohol Taxes	\$ <u> </u>
TOTAL	\$ _____

Following is a discussion of Table 4:

Alcohol Safety Program

The top part of Table 4 deals with revenues for an Alcohol Safety Program, including rehabilitation fees, assessments, fines, and alcohol taxes. The means by which these amounts can be obtained are discussed in the following paragraphs.

- **Rehabilitation Fees**

The average fees paid for rehabilitation should be relatively easy to discover. First, find out whether there is a standard fee imposed by state law. If not, the courts may impose one.

If rehabilitation agencies set their own fees, it will be necessary to get in touch with the agencies themselves and ask what they charge. In a city or county, this should not take long. If the "community" encompasses the entire state, a sample of a dozen or so agencies should provide a good estimate of the average fee.

The term "rehabilitation fee" refers to fees covering information, education, or counseling aimed at correcting the drinking-driving problem. It does not include programs of therapy (medical or psychological) aimed at overcoming the drinking problem. That falls under an "Alcohol Treatment Program."

- **Assessments**

Assessments refer to the average amount charged by courts specifically to cover the costs associated with handling drinking drivers, such as the costs of chemical testing, pre-sentence investigation, or probation. Count only those assessments that are collected exclusively from DWIs. To be self-sufficient, a DWI program must be supported by DWIs, not drivers convicted of speeding or overdue inspection stickers. Likewise, only count assessments that are applied exclusively to DWI cases. An assessment to cover "court costs" could go to pay for anything.

- **Fines**

Under some state laws and local ordinances, a portion of the money collected in fines goes to combat drinking and driving. That portion of the fine can be considered "self-sufficient" revenue. The average amount should be entered in the "Current Program Revenues" Table.

In theory, any amount that alcohol safety programs draw from the general fund that is equivalent to the amount paid by DWIs in fines represents self-sufficient revenue. However, unless the fine revenues are clearly earmarked for support of alcohol safety efforts, neither administrators nor the general public are likely to draw the connection, and one important ingredient of self-sufficiency -- control over the funds produced -- is absent. In hard times, alcohol safety funds can be reduced or cut off, even though the fines continue to roll in.

- **Alcohol Taxes**

This entry is the amount of alcohol tax, if any, currently being allocated to alcohol safety efforts. Alcohol taxes are much more difficult than fees, fines, or assessments to figure on a per-DWI basis. The Table below, "Alcohol Tax Revenues: Alcohol Safety Programs," provides a means of obtaining an estimate.

TABLE 5
ALCOHOL TAX REVENUES
Alcohol Safety Programs

Alcohol Tax Revenues	\$	_____
Number of DWIs	÷	=====
Revenues Per DWI	=	\$ _____

The entries are obtained as follows:

- **Alcohol Tax Revenues** -- This is the amount of alcohol tax that is specifically applied to alcohol safety program efforts. A call to the agency controlling alcohol sales within the state should indicate what community agencies receive those funds. Those agencies should be contacted to determine how the funds are currently allocated. Only those funds that are applied to enforcement, prosecution, or rehabilitation of DWIs should be entered. Funds applied to prevention and treatment of problem drinkers and alcoholics will be discussed next in connection with Alcohol Treatment Programs.
- **Number of DWIs** -- This is the annual number of alcohol-related convictions within the community. As pointed out in discussing "Number of DWIs" in the preceding section, a vigorous alcohol safety program will generally result in convicting about 1.2 percent of the community population for drinking-driving offenses. This is a better number to use than the actual number of DWIs arrested last year.
- **Revenues Per DWI** -- This is the total amount of alcohol tax revenue that is absorbed by each DWI, and is obtained by dividing DWI Revenues by Number of DWIs. It should be entered in Table 4, "Current Program Revenues," under "Alcohol Safety Program - Alcohol Taxes."

Alcohol Treatment Program

The bottom part of Table 4 deals with revenues for an Alcohol Treatment Program. The revenues currently being obtained that would provide a self-sufficient alcohol treatment program can be determined by adding treatment fees and alcohol taxes.

- **Treatment Fees**

Treatment fees represent the average fee paid by DWIs for treatment of several alcohol problems or alcoholism. Unlike rehabilitation fees, it will vary considerably from one individual to another, depending upon the length of treatment required; however, treatment agencies should be able to provide an estimate of the average fee paid by those receiving treatment. Calls to agencies throughout the community, or a dozen or so agencies throughout the state, will provide a good estimate of the community-wide average.

- **Alcohol Taxes**

The amount of alcohol tax revenue that is applied to alcohol treatment programs can be obtained in a manner similar to that used in estimating alcohol safety program revenues in Table 5. However, because funds are not earmarked specifically for DWI programs, the amounts that are actually applied to drinking drivers have to be estimated. The following Table, "Alcohol Tax Revenues: Alcohol Treatment Programs," provides a means of estimating tax revenues on a per-DWI basis.

TABLE 6

ALCOHOL TAX REVENUES
Alcohol Treatment Programs

Alcohol Tax Revenues	\$	_____
Percent DWI Referrals	x	_____ %
DWI Revenues	=	\$ _____
Number of DWIs	÷	=====
Revenues Per DWI	=	\$ _____

Here's what these entries mean:

- **Alcohol Tax Revenues** -- Following the procedure described earlier for Alcohol Safety Programs, it is necessary to go to the agencies controlling alcohol tax revenues to see what amounts are allocated to alcohol programs. Only those amounts specifically allocated to the prevention and treatment of problem drinking and alcoholism should be included. Amounts allocated to the control of drug abuse, for example, should not be included since such revenues do not aid in control of the drinking-driving problem.
- **Percent DWI Referrals** -- Enter the percent of people receiving alcohol program benefits who were referred by courts or administrative agencies because of a DWI conviction. Since this statistic is rarely calculated for the community at large, you will need to estimate it by getting in touch with a sample of treatment agencies throughout the community. Some will know exactly, some will only be able to provide an estimate.
- **DWI Revenues** -- This is the DWI share of alcohol program revenues, obtained by multiplying "Alcohol Tax Revenues" by "Percent DWI Referrals." It is not only the DWI's share of treatment funds, but also his or her share of the burden of supporting prevention programs and program administration.
- **Number of DWIs** -- Same number that was used in the calculation of alcohol tax revenues for alcohol safety programs in Table 5.
- **Revenues Per DWI** -- The revenues per DWI is obtained by dividing the alcohol tax revenues applied to alcohol treatment programs ("DWI Revenues") by the number of DWIs, and provides an estimate of alcohol treatment program revenues coming from alcohol taxes, on a per-DWI basis. It should be entered in Table 4, "Current Program Revenues," under "Alcohol Treatment Program - Alcohol Taxes."

DETERMINING REVENUE REQUIREMENTS

The additional revenues needed for an effective alcohol safety program amount to the difference between current revenues (as shown in Table 4) and the revenue needs. The "Revenue Needs" Table which follows provides a form for entering these amounts. Alcohol safety programs and alcohol treatment programs are treated separately as was discussed earlier.

TABLE 7
REVENUE NEEDS

<u>Source</u>		<u>Amount Per DWI</u>
Alcohol Safety Program		
Current Revenues		\$ _____
Cost	-	\$ 477
Amount Needed Per DWI	=	\$ _____
Number of DWIs	x	=====
Total Amount Needed	=	\$ _____
Alcohol Treatment Program		
Current Revenues		\$ _____
Cost	-	\$ 300
Amount Needed Per DWI	=	\$ _____
Number of DWIs	x	=====
Total Amount Needed	=	\$ _____

In both sections of the Table, the cost per DWI is subtracted from current revenues per DWI to ascertain the amount needed per DWI. This amount is then multiplied by the number of DWIs an effective program is expected to produce in order to determine the total amount of additional revenue that would be needed. A negative number indicates an operating deficit.

IN SUMMARY

Following is a simple form for estimating costs, revenues, and needs. This form consolidates Tables 1, 3, 4, and 7 in a single Table.

The remainder of this manual will describe ways of meeting these needs through self-sufficient funds obtained from fees, assessments, fines, and alcohol taxes.

TABLE 8
ESTIMATING COSTS, REVENUES, AND NEEDS

The Cost of Alcohol-Related Accidents to the Community

<u>Number of Accidents</u>		<u>Percent Alcohol Related</u>		<u>Alcohol- Related Accidents</u>		<u>Cost Per Case</u>		<u>Total Cost</u>
Fatalities _____	x	50 %	=	_____	x	\$ 300,000	=	\$ _____
Injuries _____	x	18 %	=	_____	x	\$ 5,000	=	\$ _____
Property Damage Only _____	x	5 %	=	_____	x	\$ 1,000	=	\$ _____
COST TO COMMUNITY								= \$ _____

Cost of an Effective Alcohol Safety Program to the Community

Population	_____
Cost Per Resident	x \$ 5.72
COST TO COMMUNITY	= \$ _____

Current Program Revenues

Source	Amount Per DWI
Alcohol Safety Program Rehabilitation Fees	\$ _____
Assessments	\$ _____
Fines	\$ _____
Alcohol Taxes	\$ _____
TOTAL	= \$ _____
Alcohol Treatment Program Treatment Fees	\$ _____
Alcohol Taxes	\$ _____
TOTAL	= \$ _____

Revenue Needs

Source	Amount Per DWI
Alcohol Safety Program Current Revenues	\$ _____
Cost	- \$ 477
Amount Needed Per DWI	= \$ _____
Number of DWIs	x _____
TOTAL	= \$ _____
Alcohol Treatment Program Current Revenues	\$ _____
Cost	- \$ 300
Amount Needed Per DWI	= \$ _____
Number of DWIs	x _____
TOTAL	= \$ _____

CHAPTER III

THE USE OF FEES TO SUPPORT ALCOHOL PROGRAMS

The most popular and widely used means for providing funds for self-sufficient alcohol programs is the use of fees for services provided to drinking drivers. A fee is provided directly by the fee-paying individual. This is in contrast to an assessment that is a payment by an individual for services which he or she does not personally receive (such as an assessment for driver education costs).

ADVANTAGES AND DISADVANTAGES

The following advantages and disadvantages may be helpful in considering where and to what extent fees can be used.

Advantages

- **Public Appeal**
Fees provide a funding system that is consistent with the philosophy that those creating the need for alcohol safety programs bear their cost. Given the financial situation facing most governments, a funding system that does not burden the general fund is appealing. Through the use of fees, programs can be enacted to protect the public without taxing the public to do it.
- **Stability**
Because fees are charged for services rendered, they provide a stable source of income. As long as the services are required, the income will be there. Funding levels cannot be arbitrarily reduced by the legislature or an administrative agency.
- **Security**
Since fees are charged for specific services, they cannot be readily applied to other purposes. Thus, these funds cannot be "raided" for other programs.
- **Simplicity**
In most cases, the agency that provides the services also collects the fee, keeping the funds entirely within one agency. Even when fees are collected by outside agencies, they can be sent directly to the service provider. This leads to a simplified bookkeeping system.

Disadvantages

- **Insufficient Funds**

The ceilings that may be imposed on fees often produce amounts that are insufficient to cover the cost of the service being provided. This problem is likely to become more severe as courts and referral agencies begin to recognize the true involvement of alcoholism in the DWI problem, and the need for extensive treatment to deal successfully with the clients' drinking. Some states have been able to handle the overage through other forms of self-sufficient funding, including dedicated taxes (e.g., Maine), assessments (e.g., Oregon), and fines (e.g., New York). However, inability of fees to cover completely the costs of treatment programs remains a disadvantage as far as self-sufficiency is concerned.

- **Limited Use**

Limitations in the use of the funds result from the implicit restriction of fees to payments for "services." A service provider's overhead costs and the costs involved in county and state administration of service providers are generally considered reimbursable by fees. However, most states appear unwilling to allow fees to be used to cover the cost of alcohol safety activities that cannot be identified with individuals (e.g., public information and education), or the support of activities that do not constitute a service (e.g., enforcement).

CONSIDERATIONS THAT ARISE IN THE USE OF FEES

There are a number of issues arising in the use of fees that present problems if they are not foreseen so that provision can be made to handle them.

Inability to Pay

Courts frequently waive or reduce fees for convicted DWIs whom they consider to be unable to pay. While the numbers of these "indigent" clients is relatively small -- rarely more than five percent of those referred for service -- they can involve a substantial amount of money. Most providers of rehabilitative and treatment services have access to outside funds, including county, state, and Federal alcoholism funds, as well as reimbursements for indigent clients. However, those agencies set up specifically to handle DWIs generally lack such a source of funds and must make up the difference through the fee charged to other clients.

As fees to other clients are increased, the result may be more clients being unable to pay, causing higher fees and creating a vicious circle. Defendants may be forced into accepting sanctions such as jail or license suspension instead of rehabilitation or treatment. In California, for example, there appears to be a drop in the percentage of drivers electing rehabilitation and treatment (although there is no way to tell whether this is specifically due to client fees).

The only way to prevent this practice is by dealing directly with judges.

- The treatment provider is dependent upon fees to maintain the service (some judges assume that treatment providers have access to outside funds). Judges should be informed of the impact that waiving fees has upon other service users.
- Judges should be encouraged to ascertain the true financial status of defendants, and not simply accept their claims to indigency. It is worth pointing out that the typical DWI, with a blood alcohol concentration of .15, is already supporting a drinking habit that may run, on an annual basis, as much as ten times the cost of the fee.

Uniformity of Fees

Equal treatment under the law requires that all transgressors receive the same punishment for the same crime. This has been taken by some legislators to mean that drivers convicted of the same DWI offense should not be charged widely differing fees, even if it is for treatments of widely differing length and intensity.

This problem is not encountered where the drivers who are sent to different levels of rehabilitation or treatment are those convicted of different offenses -- e.g., first vs. multiple offenses. However, where differential treatment is based on diagnosis rather than the nature of the offense, the charging of differential fees can be viewed as an inequity, even though the level of service is different.

There are three ways of dealing with the need to provide differential services within relatively uniform fees.

- **Elevate Minimum Fee**

If the smallest fee charged is somewhat in excess of the cost of providing the service, the excess can be used to help defray the cost of more expensive service. A small "profit" on certain clients is usually acceptable as long as the total fee revenue does not exceed the total program cost.

- **Obtain Some Differential**

Even those legislators and courts that insist on uniformity will generally permit some differential. For example, in South Carolina Fees of \$ 100 are authorized for rehabilitation, and fees of \$ 200 are authorized for more extensive treatment.

- **Seek Outside Sources**

Funds obtained through other sources can be used to help meet the costs of more expensive treatment. Fines and assessments have been used for this purpose by New York and Oregon. Where truly extensive treatment is required, it may be necessary to go to sources outside of the funds that are obtained from DWIs. (See Chapter VI, Dedicated Alcohol Taxes, for additional information.)

Setting Fees

Who should be responsible for setting fees? In some states and communities, the setting of fees is left to those who provide the services. This can lead to exorbitant fees on the one hand, or, where agencies compete for clients, the undercutting of both prices and services to the detriment of the fee-supported program.

Some legislatures have exercised control by setting maximum fees in the law. However, during periods of inflation, the ceiling can quickly change from "ample" to "inadequate." It then requires a change in legislation to secure adequate fees. Any change that requires legislative action is uncertain, at best.

Probably the best way to provide control with flexibility is to leave the setting of fees in the hands of administrative departments, yet subject to a set of legislatively established criteria.

Collection

Inability to collect fees can result in funding shortages that stand in the way of self-sufficiency. Fortunately, very few service providers claim to have had much difficulty in collecting assessable fees. Some acknowledge having collection difficulties during early participation in DWI programs when they were not familiar with the character of their clientele. The best way to insure that fees are collected, however, is to collect them *before* service is provided, or at least before clients are certified as having fulfilled any obligation imposed by the law (e.g., before they can have their license reinstated).

Subsidies

The fees charged by government agencies rarely cover the entire cost of the service. The agency typically absorbs overhead costs, and may subsidize a portion of treatment costs.

Subsidies of any sort prevent a program from being truly self-sufficient. Moreover, they tend to incur protests from private treatment providers who view the subsidies as a form of unfair competition. Finally, even a degree of government support can jeopardize a program when funds are withdrawn.

Regardless of who provides the service, it is best to set fees at a level that is sufficient to cover the entire cost. This not only helps insure the continuation of the program, but allows the program to be identified as one that is paid for entirely by those who receive the service.

CHAPTER IV

ASSESSMENTS

An assessment is an amount of money collected from an offender to cover a specific cost, however, the cost need not be one incurred by the person upon whom the assessment is leveled. When used for alcohol safety programs, assessments have helped meet the cost of public information and education programs, enforcement, judicial training, chemical testing, pre- and post-sentence investigations, rehabilitation and treatment, program administration, and program evaluation. Thus, assessments have been used to support nearly every element of a comprehensive program.

ADVANTAGES AND DISADVANTAGES

In considering the imposition of an assessment as a means of lowering certain alcohol safety program costs, the following advantages and disadvantages should be weighed.

Advantages

- **Less Restrictive Use**

While the fee is intended and justified strictly to pay for a service provided to the offender, an assessment may be used for many purposes. This is important in the funding of current alcohol safety programs, where the areas that are least self-sufficient (such as enforcement and the courts) do not lend themselves to the charging of fees to the offender.

- **Greater Revenue**

The money collected as an assessment can exceed the cost of the alcohol safety activities it is intended to cover. Excess assessment monies can go into a special fund and can grow over the years. If the initial purposes for which the fund was established do not require the utilization of the whole fund, additional activities can be paid for by the special fund.

- **More Predictable Revenue**

An assessment can be collected from every offender who is convicted of a DWI offense; whereas a fee is normally collected only from those who use the service. For example, convicted DWIs who accept a license restriction or the jail term in lieu of treatment would still be charged an assessment. Because of the certainty of collection, assessments generally yield greater and more predictable revenues than fees.

- **Assessments Have a Fixed Income**

In many cases, assessments are set for a fixed amount and are automatic on conviction. Therefore, they generally have a better chance of being collected in full than a fine which may be set by the judge and can range between the minimum and maximum fine provided by law. The judge has considerable leeway in the amount of the fine that can be set.

- **Specific Purpose**

An assessment is made to cover a specific program or purpose, and the amount set is that which is required to meet the cost. Under these conditions, it is more difficult for administrators to divert the funds, or for the court to waive payment, than would be the case of a fine for which there may be no specified purpose.

Disadvantages

- **Need for Legislation**

Fees can generally be established by the service provider subject to approval of the agency referring the individual for service (such as the court or administrative agency). However, assessments normally must be established by state legislation. This means that a substantial political effort may be necessary. And, as is further discussed in Chapter VII, there are many pitfalls in obtaining funds even where the necessary legislation has been obtained.

- **Inadequate Collection**

Because an assessment is collected by the court, there may be a tendency for some courts to waive the assessment where the judge believes the defendant is unable to pay, or where the judge's view of the seriousness of the crime is such that he or she believes that the assessment is too high or that leniency is warranted. Fees, on the other hand, are provided for services and are normally waived only in the case of indigency.

CONSIDERATIONS IN THE USE OF ASSESSMENTS

The system used to collect assessments is somewhat more complex than for fees, since the funds must normally be collected by the courts, pass through a governmental fund, and be appropriated by or allocated to the agency that provides the DWI service. Some of the factors that should be kept in mind in the use of assessments are described as follows.

Payments by Individuals Not Convicted of DWI

Some questions as to the collection of assessments may arise if courts use pre-conviction or pre-trial diversion systems and defendants are not actually convicted. This question should be considered to insure that individuals whose cases are disposed of by pre-trial systems will pay the assessment if it is appropriate for them to do so. Otherwise, people who are sent to treatment on a pre-trial basis normally and have their sentences reduced upon successful completion of the program would not pay an assessment. One way of handling this is to word the legislation creating an assessment to call for collection from each driver cited for a drinking-driving offense and not acquitted. Such a provision would also prevent courts from waiving fees.

Responsibility for Uncollected Assessments

Legislation providing for an assessment requires payment in the case of every individual convicted of a drinking-driving offense. If the court, however, does not make the collection because the judge chooses not to impose the assessment, either out of leniency or because he or she believes the individual is indigent and cannot pay it, then is the local jurisdiction to which the court belongs required to make up the difference? In most cases, there is simply a shortfall in the amount collected for the DWI fund. Legislation should be written to make clear the responsibility of the court and community for the collection of the assessment.

Priorities for DWI Assessments

Many states provide for more than one assessment. Some payments go to the local community, others to the state. If the court is left free to pick and choose, there may be a tendency for the judge to impose assessments that go to local programs and purposes and to waive those that are paid into state programs. To avoid this problem, it is desirable to provide that if any portion of the assessment is waived, the state monies will be paid ~~first~~.

Deferred Payments

Courts frequently permit deferred payment of assessments for individuals who are believed to have a financial problem. This can create difficult collection problems. When DWIs fail to make payment, the court must issue a bench warrant to bring the individual back before the judge. Serving these warrants is often time consuming and costly. Individuals convicted of driving while intoxicated often change address frequently and are difficult to track.

Collection Burden on Courts

States and localities frequently require multiple assessment for different purposes, many requiring somewhat complicated computation formulae. Collection of these assessments can become a significant cost for the courts. To avoid raising the opposition of the courts, individuals proposing assessments should check out the current requirements on the courts and try to insure that the new collections do not add to the burden.

CHAPTER V

FINES

A fine is an amount of money collected from an offender as a penalty for committing the offense. Fines are the most widely used penalties authorized for those convicted of driving while intoxicated. Only two states currently dedicate a portion of the fines for alcohol safety program activities. In most states and localities, fines go to the general fund. Specific allocation of fine revenues through legislation is rare.

A fine differs from either a fee or assessment in that its purpose is primarily punitive. State legislation normally sets minimums and maximums and allows the courts to decide what amounts represent an appropriate punishment. In concept, the highest fines are most appropriately imposed upon those individuals whose offense was most serious in the judgment of the court. However, courts normally take into consideration the financial status of the offender, so that those who are more able to pay may be given higher fines. Since the punitive effects of a fine vary with an individual's financial resources, the use of differing amounts helps to achieve uniform punishment.

ADVANTAGES AND DISADVANTAGES

In contemplating the use of fines as a possible route to self-sufficiency, the following advantages and disadvantages should be considered:

Advantages

- **Widespread Support**

Because drunk driving is seen as a serious offense, the public, the legislature, and the courts usually support the use of fines as a penalty for conviction of drunk driving. A fine is less likely to be controversial than an assessment for treatment or other service with which the public or the court may not agree.

- **Maximum Amounts**

The court's ability to adjust the size of fines to the offender's ability to pay can produce larger amounts per individual than can be obtained through fees or assessments. A fee or assessment must be set at a single amount that most offenders can afford. The same is true of minimum fines. However, the legislation authorizing fines can permit much larger amounts to be imposed when judges believe the individual offenders can afford it and need a large penalty to have a punitive effect.

- **Freedom in Use of Funds**

Unlike fees or assessments, which are tied to specific services and costs, fine revenues can be applied to anything. Because of the historically broad use of fines, and because they are seen as a penalty for the offender rather than a cost related to some specific item, there is greater freedom in the use of fine monies. This offers an opportunity to support activities, such as enforcement and public information, that normally cannot be paid for by fees or assessments.

Disadvantages

- **Need for Legislation**

Legislation at the state level is generally needed to increase maximum and minimum dollar limits and/or to dedicate a portion of fine monies to the support of alcohol safety efforts. As mentioned in connection with assessments, securing enabling legislation requires a well-planned and frequently long-term effort.

- **Vulnerability to Reduction By Courts**

Unless minimum fine levels are mandated, judges may reduce or waive them when they feel the situation warrants. A reduction in fines has been used to motivate DWIs into treatment programs. Also, if there is a high fee and/or assessment, the fine will often be reduced.

- **Existing Fine Revenue May Already Be Committed**

Existing fines may already be committed to support programs with strong constituencies. A proposed shift in the use of fine revenue may encounter strong opposition.

CONSIDERATIONS THAT ARISE IN THE USE OF FINES

The factors to be considered in planning the use of fines as a source of self-sufficient funding are similar to those discussed in Chapter IV. Fines are collected by the courts and subject to the same reductions or delays in payments. In addition, the following should be kept in mind.

Channeling Funds Appropriately

Some state laws provide that all fines go to the state, others provide that fines will go to the community under whose laws the individual is prosecuted. Local prosecutors may have a choice of statutes under which to charge offenders. If fines are to be used to support alcohol programs, it is important that the jurisdiction that receives the fine -- state, county, or city -- is the one that incurs the expenses that the fine is intended to cover.

Assuring Appropriate Expenditures

One of the virtues of fines over fees and assessments is that the funds are not identified with any specific service or cost and, therefore, can be applied to any worthwhile alcohol safety effort. However, this flexibility creates a task -- to see that the funds are allocated to and spent on efforts that will advance the cause of alcohol safety. This issue will be discussed more fully in Chapter VIII.

CHAPTER VI

DEDICATED ALCOHOL TAXES

Dedicated alcohol taxes represent a special opportunity for the funding of alcohol safety programs because they tap a population which is untouched by the fines, fees, and assessments. For every drunk driver arrested, there are 2,000 drunk driving trips.

An alcohol tax hits heavy drinkers the hardest. And people who are heavy drinkers are bound to drink and drive. They violate driving laws repeatedly and contribute to the accidents produced by alcohol, even though they may not be arrested. A dedicated alcohol tax is one means of making these unidentified offenders pay for the problem they cause. They pay in accordance with the amount they drink: those who drink the most pay the most.

The fact that those who drink the most pay the most is also a good reason for using alcohol taxes to pay for treatment of alcoholism, as suggested in Chapter II. Since alcoholism is basically a drinking problem, rather than a drinking-driving problem, it is logical to call upon heavy drinkers to foot the bill rather than just the DWIs.

ADVANTAGES AND DISADVANTAGES

The following advantages and disadvantages should be considered regarding dedicated alcohol taxes:

Advantages

- **Collects From Other Than DWIs**

The primary advantage of a dedicated alcohol tax to be used for highway safety is that it taps a group of individuals other than those upon which fees and assessments are imposed. The figures in Chapter II show that the revenues that most legislatures and courts are willing to extract from convicted drinking drivers fall short of the funds needed for a totally self-sufficient program, particularly if the costs of treating problem drinkers or alcoholics are to be included. A dedicated tax provides the additional source of funds needed for a totally self-sufficient program.

- **Large Tax Base**

Because of the large number of individuals who will pay the alcohol tax (compared to the relatively few convicted drinking drivers), a small tax will raise a large amount of money. A tax on only $\frac{1}{2}$ of one percent will raise as much as a fee of \$ 300 for every arrested drinking driver.

- **Payment is Small**

Another important benefit of the alcohol tax is that the amount taken from any individual at any given time is small, almost to the point of being negligible. Consumers of alcohol are not likely to seek a reduction in taxes the way that defendants in drinking-driving cases seek reduction of fees, assessments, and fines.

- **Stable Funding Source**

Another potential advantage of the tax is that it offers a stable funding source. Because of the breadth of the funding base, year-to-year variations tend to be relatively small.

- **Federal Funding**

Of the four funding systems discussed, only alcohol taxes offers the possibility for collection and distribution at a Federal, as well as state and local level. Interestingly, there has not been an increase in Federal taxes on alcohol in 40 years.

Disadvantages

- **Wide-spread Resistance**

A dedicated tax requires state legislation which generally encounters resistance from a number of sources. Among them are the public, which has increasingly resisted any kind of tax -- as witnessed by the California Proposition 13. Another major source of opposition which must be overcome is the producers and distributors of alcohol, who are well organized and have strong lobbies in most state legislatures. Most businesses oppose special taxes on the products they sell. This has been particularly true of liquor.

- **Resistance to Dedicated Taxes by Legislatures**

Traditionally, legislatures have resisted dedicated taxes of any kind since they tend to reduce the control of the legislature over the expenditure of funds. In some states, dedicated taxes are not permitted by the state constitution.

- **Reduction in General Fund Revenue**

In the end, dedicated taxes may simply wind up replacing general fund revenues. A dedicated tax that is placed in the general fund and appropriated to alcohol safety agencies may simply replace the funds that would normally be allocated to those agencies out of the general fund.

Even when dedicated taxes go directly to an agency and are not part of the appropriation process, it is difficult to avoid some compensating reduction in that agency's general fund revenues, particularly in hard times when most agencies are experiencing substantial reductions. This offsetting of revenues is, of course, better than a budget reduction. For example, in Washington, when an attempt to obtain a dedicated tax failed, alcohol program funds were reduced by about 25 percent, while Maine, which secured an alcohol tax, experienced no reduction in funds. Nevertheless, diversion of funds does prevent the program expansion generally envisioned when the alcohol tax was enacted.

- **Diversion of Funds**

Dedicated tax revenues are easier for a legislature or administration to redirect than are fees or assessments, which are justified for a specific purpose. This diversion is particularly likely to occur if the monies accumulate more rapidly than they can be spent on the specific purpose for which the tax was initially imposed.

In Minnesota, a major campaign conducted to achieve an alcohol tax dedicated to highway safety succeeded in obtaining a dedicated tax. However, the funds were used to meet the general revenue shortfall.

- **Restricted Use**

The dedicated alcohol taxes that have been secured for the support of alcohol safety efforts have been largely channeled into the alcohol treatment programs. No alcohol tax has been imposed for support of a more comprehensive alcohol safety effort.

While such a restriction is not inherent in an alcohol tax, it is a natural result of (1) the logical connection in people's minds between alcohol sales and alcohol problems, and (2) the fact that the alcohol treatment community has joined the major constituency for legislation seeking an alcohol tax.

CONSIDERATIONS IN THE USE OF DEDICATED ALCOHOL TAXES

Several items should be kept in mind when seeking a dedicated tax for self-sufficient DWI programs.

Effect Upon Sales

The opposition of liquor producers and distributors is generally based upon the contention that a tax will reduce sales. There is no clear evidence that a price increase necessitated by an alcohol tax has a long-term effect upon sales. The effect upon sales of small, state-wide price hikes resulting from the tax increase is generally confined to short-term drops at stores located in some border areas.

Source of Tax

In seeking an alcohol tax a choice must be made between a tax on all liquor sales and one that is limited to liquor sold "on the premises" at restaurants and bars. Imposition of the latter tax, often known as a "tipplers" tax, can be easily justified from evidence showing that the majority of drinking drivers consume their liquor in commercial establishments. On the other hand, limiting the tax to alcohol sold on the premises reduces the tax base and therefore requires an increase in the tax rate in order to obtain the same revenues as a more general alcohol tax.

Use of Funds

As previously mentioned, while an alcohol tax can be applied to any aspect of alcohol safety, those that have been obtained for support of alcohol safety efforts have been limited to support

of programs for the prevention and treatment of alcohol problems. (It is noted that one state -- Utah -- uses alcohol tax funds for the support of enforcement; however, the alcohol tax was not increased for this specific purpose.)

Limiting revenues from an alcohol tax in support of alcohol programs is not necessarily deleterious to alcohol safety efforts. If funds from a dedicated alcohol tax could absorb the costs of long-term treatment, funds obtained from DWIs through fees, assessments, and fines should be able to support the rest of an alcohol safety program.

Moreover, as already noted, a case can be made for covering long-term treatment costs out of alcohol funds on the basis that problem drinking and alcoholism are really more of an alcohol problem than a drinking-driving problem.

Control of Sales

The control of alcohol sales within a state appears to have some effect upon the prospects of obtaining a dedicated alcohol tax. All of the states in which the alcohol community has been successful in obtaining a dedicated tax are states in which retail sales of alcohol are under the control of the state itself. Where the state is the retailer, there is obviously no retail lobby to oppose the tax. Since price is controlled by the state, the effects of an alcohol tax are indistinguishable from those of a general price increase.

CHAPTER VII

OBTAINING LEGISLATION

Fees charged for alcohol safety services are often set solely by the agencies providing the service and/or the agencies making the referral. However, most sources of self-sufficient funding are obtained only through legislation at the state level. It is legislation that prescribes:

- **Level of Funding**

What is the maximum fee, assessment, or fine that can be charged; what rate will be imposed upon alcohol taxes?

- **Distribution of Funds**

To what agencies will the revenues obtained from a self-sufficient funding source be distributed, and in what amounts?

- **Use of Funds**

What alcohol safety activities are the funds to be spent on, and what is the basis of allocation?

Obtaining state legislation is typically a difficult and time consuming process requiring detailed planning, comprehensive constituency building, and careful, patient lobbying of legislators. While some legislation may appear to result from a sudden unexpected turn of events in the legislature or from the whim of a particularly powerful leader, most effective laws result from carefully planned and developed programs fostered by well-organized constituencies. This Chapter attempts to provide assistance to those citizens and safety advocates who wish to establish self-sufficient alcohol programs.

Five major items must be considered in a legislative program:

- Background information that demonstrates need
- A strong constituency of support groups
- A thorough knowledge of the potential opposition
- A well prepared piece of legislation
- A sound plan for working with the legislature

These issues are derived from a survey of legislative efforts in other states. Each state, however, is unique in many respects and additional issues or problems will undoubtedly face any group attempting to get legislation in a particular state.

INFORMATION THAT DEMONSTRATES THE NEED FOR LEGISLATION

The item needed to begin the process of launching a good legislative program is information that will demonstrate the need for a self-sufficient funding system to support elements of an alcohol safety program. Methods for estimating the total losses due to alcohol-related crashes for a particular community were described in Chapter II. In seeking state-level legislation, these data need to be developed for the state as a whole. It is also useful to have them for the major cities so that, in the course of statewide constituency building, the information is available for each area in which organizational support may be needed. In addition to identifying the losses that the state currently experiences due to alcohol-related crashes, the information collection must include the current revenues available for alcohol safety programs with an indication of where additional revenue is needed in order to strengthen the program.

Once the state's needs are determined, data from other states on the levels of fees, assessments, fines, and alcohol taxes may be useful to demonstrate that it is possible to significantly increase the amount of funds available for alcohol programs through self-sufficient revenue systems. The following Table lists the types of special funds which are currently used by the 50 states, Puerto Rico, and Washington, D.C.

TABLE 9

CURRENT FUNDING SOURCES

[illegible]

Legislators, administrators, judges, and the public at large tend to empathize with convicted drinking drivers with a "but-for-the-grace-of-God" response to their plight. Their empathy inclines them away from imposing a large financial burden in the form of fees, fines, or assessments. To temper this concern, it may be useful to make clear that approximately two-thirds of the first offenders, and all or almost all of the multiple drinking-driving offenders, are not social drinkers but real problem drinkers.

These facts and arguments must be marshalled at the beginning of any move to develop a legislative program so that the need for the program can be clearly conveyed and questions answered with appropriate data.

DEVELOPING A CONSTITUENCY

Legislation that is without opposition or which catches the opposition napping, may, on occasion, sail through the legislature with no more advocacy than it receives from its sponsor and chief proponents. However, legislation involving substantial funds rarely enjoys such clear sailing.

If support sufficient to stimulate the members of the state legislature to take action is to be achieved, it is necessary to identify those groups that have a natural interest in the passage of funding legislation and to get them involved in supporting the legislation. The survey on which this manual is based noted that those states that had successfully passed statewide funding legislation were characterized by a large and vocal constituency for the legislation. In those states in which funding legislation had failed, it was difficult to identify the supporting constituency.

Prospective Sources of Support

Among the groups that can help to form a constituency for legislation advantageous to alcohol safety are the following:

- **Treatment Providers**

This is by far the most influential of the groups to support alcohol funding legislation. In South Carolina and Oregon particularly, treatment providers worked together and through their legislative contact in fostering passage of dedicated alcohol taxes. One obvious reason for their participation is their clear self-interest -- but that's an ingredient of any lobbying effort. Alcoholism treatment currently enjoys a rather favorable image and usually has a number of influential supporters around the state.

- **Community Groups**

One of the best examples of an effective lobbying group is the network of community alcohol groups assembled in the state of Maine. Through an effort begun three years prior to introduction of its dedicated tax legislation, teams of community leaders were given intensive, week-long programs of awareness and training in alcohol abuse and establishment of community alcohol programs. These groups formed a strong constituency, one whose voices and efforts on behalf of the legislation could be quickly marshalled when needed.

- **Activist Groups**

The beginning of the 1980's saw the rise of groups committed to securing tougher DWI laws and penalties. The two large national groups, Mothers Against Drunken Drivers (MADD) and Remove Intoxicated Drivers (RID), are augmented by a number of individual state groups. While the laws and penalties sought by these groups do not require funds, the availability of funds to provide patrols and chemical test equipment, and otherwise improve enforcement and adjudication is consonant with their goals.

- **Public Interest Groups**

Safety and alcohol groups such as state and local safety councils and councils on alcoholism have the advantage of a public interest image, as well as organization and experience. They are frequently in the best position to coordinate lobbying efforts. In Maine, the State Council on Alcoholism spearheaded the successful effort to pass a dedicated alcohol tax.

- **Administrative Departments**

State administrative agencies are typically enjoined from participating in lobbying efforts. However, they must be a part of the constituency for any bill. Where efforts to obtain funding have been successful, administrative departments have generally worked closely with one another and with proponents of the legislation.

In most states, there are other groups that represent pockets of power that can be tapped to become part of a constituency. For example, in Oregon minority groups became strongly involved because of what they perceived to be a lack of resources available to their constituency. The political strength of these groups was used to help secure passage of dedicated tax legislation.

Forming a Coalition

It is not enough simply to identify those organizations that may be prepared to support a legislation to increase funding for alcohol safety programs. Once identified, these groups must be welded into an effective coalition. This may be a difficult and delicate operation. Each of the potential supporting groups may support the concept generally, but have their own specific needs and goals.

In some states there has been, and still is, a schism between treatment-oriented and deterrence-oriented groups. The deterrence groups see treatment as letting drunken drivers "off the hook," while the treatment providers see deterrence measures as having little effect on the problems leading to drinking and driving. While the two forces have not generally been in conflict with one another, they have tended to work separately, each pursuing its own legislative interests.

In several states the two have been brought together to support the same legislation by:

- getting treatment providers to recognize that strong sanctions not only are compatible with successful treatment, but can actually help motivate participation in treatment.
- getting deterrence-oriented groups to see that sanctions by themselves rarely have any long-term effect upon the problem drinkers who make up the majority of convicted DWIs.

The building of coalitions is a lengthy and often laborious process. Coalitions that were found to be successful in obtaining favorable funding legislation for alcohol safety programs were characterized by the following:

- **Consensus**

All parties to the proposed legislation must be solidly behind it before it is introduced. This requires both writing the legislation in such a way that the most critical needs of each group are accommodated, and generating a spirit of compromise sufficient to cope with conflicting goals.

- **Leadership**

A strong individual or agency outside of the state administration (e.g., key legislator, treatment provider) is needed to pull various factions together, obtain consensus, and generate activity.

- **Time**

It may take two or three years to pave the way for passage of legislation. A coalition must, therefore, be formed well in advance of the time that the legislation is to be introduced.

KNOWLEDGE OF POTENTIAL OPPOSITION

Most funding legislation will involve significant opposition. If the funding proposal involves a tax on alcohol, the alcohol dealers and distributors will naturally oppose it because of their concern that it will reduce sales and profits. If the proposal is for a fee or assessment, it may be opposed by the courts as being difficult to collect and an added administrative burden. It may also be opposed by those agencies that currently receive and use the DWI fine revenue out of concern that the fine revenue will be reduced when fees and assessments are added to the sentence of the DWI offender.

It is generally not difficult to determine the potential sources of opposition to a given funding bill. While it is rarely possible to neutralize this opposition, it may be possible to reduce the extent of the opposition by effective presentation of the legislation. In any event, it is desirable to develop a "plan" for handling opposition so that contacts can be made and information collected that will be useful in defending the program against its opponents.

In developing your plan it is important to consider three factors:

Gaining Involvement

Some instances of opposition are simply the result of failure to be included in the group, or at least to have had an opportunity to do so. In one state, control of dedicated alcohol funds was taken from the highway safety office because a powerful legislator felt he had been bypassed. It is important not to give the appearance of circumventing or going over the head of anyone.

Information and Education

Some opposition comes from ignorance. People can easily misunderstand the nature of legislation or its impact upon them. It is important to reach them with the facts before opposition based upon misinformation becomes too firmly engrained.

Know the Arguments

It is important to know what tack the opposition is going to take so it can be neutralized. For example, opponents to a tax bill may present evidence that an increase in tax rate reduces sales, and, therefore, overall revenue. It takes time to gather the data necessary to show that such an effect, if it exists, is short-term. It is important to have counter arguments ready when the arguments are introduced.

PREPARING LEGISLATION

It is vital that legislation be well conceived and well written because all too frequently a group achieves a legislative victory only to find that poorly written legislation has defeated the effect intended. As noted in the discussion of the funding mechanism, it is not simply a matter of writing legislation that provides for a fee, assessment, or a special tax. It may be necessary to add specifications that insure that the monies collected will be used for the purposes intended. This could include that it may be desirable to specify which organizations (Traffic Safety or Department of Health) have authority to disburse these funds. Finally, the purpose for which the monies are to be spent and the user organizations that may receive the funds should also be detailed. Unless these elements are well defined, it is possible that the revenue system will not provide the expected support for a self-sufficient alcohol safety program.

The development of a well-written bill begins with close examination of the currently relevant legislation regarding the support of those agencies that contribute to the alcohol safety program. Often the new legislation is simply an amendment to a current bill and care must be taken that the existing provisions of the current bill do not confuse the purpose of the new revenue source.

Chapter VIII, Administration of Funding Systems, describes a number of measures that are needed to insure that funds obtained from fees, assessments, fines, and alcohol taxes are most effectively applied to the drinking-driving problem. These measures need to be considered at the time that legislation is drafted in order that those that are applicable to the funding system under consideration are included in the legislation. Legislators are very reluctant to turn around and amend a recently enacted bill, particularly if it has been at all controversial.

In some cases, the funding legislation may be assisted by being part of a general alcohol safety bill with wide support for its other provisions. In many cases, however, the coupling of funding provisions with controversial law changes may increase the opposition to self-sufficient funding legislation. Great care should be taken in framing the legislation, and in determining whether it is desirable to make it a separate bill or to integrate it with other safety initiatives.

DEVELOPMENT OF A PLAN FOR WORKING WITH THE LEGISLATURE

Some legislation has such strong and popular support that it is enacted despite a failure of the proponents to work well with the legislators; however, this is the exception. The best opportunity to achieve a good funding bill for alcohol safety programs is provided by careful study of the legislative procedure before beginning the campaign for passage. A good plan will include the following elements:

Enlist Proponents

In most state legislatures there are one or two legislators who have shown special interest in alcohol safety legislation in the past, and who have sponsored successful bills in the legislature. These friends of highway safety should be carefully identified and their assistance in planning the campaign with the legislature enlisted at an early date.

Identify Committee Chairs

In addition to identifying those legislators who, in the past, have supported highway safety programs, it is important to identify the key chairpersons of the committee that will be required to approve the legislation. If the legislation involves appropriated funds, as most will, it will be very important to identify and plan to meet with the chairpersons of the House and Senate Appropriations Committees.

Marshall Facts

Legislation often seems to move more on the basis of personalities and people supporting it than on the basic quality of the content and objective information brought to bear on the subject. This, however, can be misleading. No matter how much a legislator may wish to support your bill, he or she will need to have facts and figures in order to be effective in presenting your case and in arguing for the bill on the floor. Therefore, it is important that you have done your homework before beginning the legislative action, and that the key facts supporting a funding system for a comprehensive alcohol safety program be developed and provided to the legislators whom you can count on to move your bill forward.

Obtain Sponsorship

An important factor in achieving legislation is the bill's sponsor. Generally, the members of a legislature like to have their names associated with popular legislation, and once they have become known as the sponsors of the bill they are often in a position to defend the bill against potential challengers and attempts at amendment. When a powerful and respected member of the legislature agrees to become a major sponsor of a bill, it is significantly more likely to be enacted. Careful consideration should be given to what member of the legislature your coalition approaches to sponsor the legislation for funding comprehensive alcohol programs. One logical source of sponsorship is those legislators who have been friendly to highway safety and to alcoholism programs in the past. Or, a member of the coalition may be a key constituent to the powerful member of the legislature and be able to interest that member in sponsoring the legislation. A leader within the legislature (such as the majority leader or the chairperson of an important committee) will provide a built-in source of support after passage of the legislation.

Obtain Executive Support

Obviously, an important part of working with the legislature is to have the support of the governor and the executive department. Most frequently, the majority party in the legislature will also be the party of the governor. Where this is true, the governor should be in a position to be particularly influential. When the governor is willing to support the legislation, the legislative aide may be of assistance in gaining support among the members of the legislature.

Lend Vocal Support

Legislative hearings can be a good opportunity to develop the background evidence for a proposed program. It is essential, therefore, that the coalition which you have built to support the program turn out in strength for hearings, and that prior to the calling of the hearing your coalition leaders assist your friends in the legislature in selecting the most effective spokesperson to be called to testify. Every effort should be made to get the committee to hold a scheduled hearing so that supporters can be available to testify. In one state an attempt to introduce an alcohol tax failed, at least in part, because the committee took it up suddenly and few of the bill's supporters even knew about it.

It is also clearly important to be aware when the major votes on your legislation will occur on the floor of the legislature. Your coalition should organize the telephone campaigns to the members of the legislature to coincide with these key votes.

CHAPTER VIII

ADMINISTRATION OF FUNDING SYSTEMS

A number of problems can arise in the administration of self-sufficient funding systems. If these problems can be anticipated, the system can be designed in a way that will prevent their arising. The problems that have arisen most often in the administration of self-sufficient funding systems involve collection, distribution, and management of funds.

COLLECTION

As pointed out in earlier Chapters of this manual, courts do not always collect the assessments and fines that they are supposed to. Some exceptions are authorized by the law, such as waiving fees for indigent defendants. Frequently, however, judges reduce assessments or fines they think will impose an extreme hardship. When new assessments or fines are imposed, judges often react by reducing collections of an existing one. For example, in Colorado fines imposed by judges fell by 18 percent when a \$ 60 fee was added to cover the cost of pre-sentence investigation and client monitoring.

Mandating Payment

The law can require communities in which cases are tried to make payment for each DWI, whether the money is collected from the defendant or not. California, for example, requires counties to deposit \$ 50 of the fines collected for an alcohol-related conviction in a separate fund for support of county alcohol programs. The way the law is worded, the funds must be deposited whether the fines are collected from defendants or not.

To obtain maximum penalties, money should be collected from anyone charged with a drinking-driving offense who is not acquitted, including those drivers who are diverted into treatment programs, those whose cases are suspended, and those who are allowed to plead guilty to lesser charges.

Prioritizing Collection

Another method that states have used to maximize the collection of funds for alcohol safety programs is to prioritize the order of payment so that alcohol safety funds come "off the top." This way, if any funds are collected at all, they go to support alcohol safety. The only time funds are not collected is when the fee, assessment, or fine is waived completely. Very often, the legislation places last on the order of priorities those funds that are retained by the locality in order to encourage judges to collect the full amount authorized.

Oregon has prioritized the collection of funds under the \$ 275 "Filing Fee" assessed convicted DWIs, providing that the \$ 175 that go to cover diagnostic assessment, police training, and the Intoxicated Driver Fund come first and that the last \$ 100 go to cover court costs. The law does allow the fee to be waived for truly indigent clients. Thus far, however, 90 percent of the convicted DWIs have paid the full fee.

Educating Judges

Some of the shortfall caused by failure of judges to collect assessments and fines could be avoided by educating judges as to the true nature of drinking and driving. Specifically, they need to know that:

- The DWIs that come before them are primarily problem drinkers and not merely social drinkers who had the misfortune to get caught.
- "Fifth-a-day" problem drinkers typically spend over \$ 1,500 a year on liquor. Is it reasonable to believe that they can't afford \$ 500 in fees and fines? (Can they afford not to?)
- Problem drinkers cannot start on the road to recovery until they recognize that they have a problem. Having to pay a stiff fine certainly helps to lead to this recognition.

One judge interviewed in developing this manual threatens to impound vehicles of any DWIs claiming inability to pay. He says "they never fail to come up with the money."

DISTRIBUTION

A self-sufficient funding source for alcohol safety programs will not be of much benefit if the funds are not applied to the program that they are intended to support. Any time there is a source of funds, there will be agencies and people seeking to use the money to support their own programs. The administrators who manage the funds will often seek to divert them to other programs for which they are responsible or for support of their own administrative activity. For example, the state of Washington's "penalty assessment" law imposes an assessment on convicted DWIs that was to support, among other things, a statewide alcohol safety action program. No funds, however, were ever used for that purpose.

The two major problem areas in distribution of alcohol funds are:

- Allocation -- making sure the funds are allocated to appropriate activities
- Maintaining Levels -- making sure that the addition of self-sufficient funds is not off-set by a loss of existing funds.

Allocation

The first step is to make sure that the funds are allocated to the specific alcohol safety efforts that the funding system was intended to support. A number of means have been used by legislatures to help assure that legislative intent is carried out in the allocation of funds to activities. Foremost among these are the following:

- **Specific Allocations**

The legislation can be made quite specific as to programs that are to be funded and the specific amount or percentage each is to receive (e.g., California's defeated alcohol tax). While this certainly insures fulfillment of legislative intent, it necessitates enactment of new legislation whenever needs or priorities change.

- **Legislative Review**

Some states provide for a legislative review of all allocations from self-sufficient funds, requiring this review annually (e.g., Maine's dedicated tax). This is very time-consuming considering the relatively small amounts involved, and makes the allocation highly vulnerable to political considerations (e.g., making sure that the legislator's own district is well provided for).

- **Local Allocation**

One way of insuring that funds intended to support front-line alcohol safety activities do not get absorbed by administrative agencies is to route the funds directly to the localities in which they are collected for allocation at that level. New York uses this approach with the fine monies it collects. While the distribution of funds may not be congruent with state-level priorities, it does assure that funds go to programs that communities have the ability and willingness to implement.

- **Allocation Incentives**

The allocation of alcohol safety funds within a community may be influenced by the incentives that are already tied to certain efforts. The two most commonly found incentives are matching funds and fine revenues.

Matching Funds -- States will frequently contribute to the support of certain local programs on a matching basis. In the alcohol safety area, treatment programs are frequently candidates for matching funds. The fact that the community obtains a dollar in state funds for each dollar it invests creates a strong incentive to allocate funds to programs covered by matching funds.

Fine Revenues -- Where the revenues collected from fines imposed on DWIs reverts to the community in which the individual is apprehended, there is a built-in incentive to enforcement. The greater the level of enforcement, the greater the revenues. Increasing the size of the fine increases the magnitude of the incentive.

It is important that these allocation incentives be considered in the establishment of self-sufficient funding systems. If funds are intended to go to a program that is eligible

for matching funds, the legislation creating the funding mechanism should permit use of the funds for matching purposes. Otherwise, it should be specifically prohibited. Similarly, if money from fines is intended to support community law enforcement, communities should be allowed to keep what they collect, or at least receive funds in proportion to what they collect. If increased enforcement is not particularly desired, then the funds that are supplied to the community should be unrelated to the amount in fines the community collects.

Maintaining Levels

The agencies that receive self-sufficient funding often end up realizing little gain as the additional revenues are offset by losses from their general fund appropriations. These losses are often hard to avoid. In times of budget cutbacks, it is natural for administrators to cut most deeply into those programs that have been recently infused with outside funds. Or, in times of expansion, it is equally natural to be less generous with the "have" programs than with the "have not" programs. However, legislators have employed a number of devices to see that self-sufficient funding expands programs rather than freeing monies from the general fund to be applied elsewhere. These devices include prohibitions, use of pre-existing levels, and user control.

- **Prohibitions**

The simplest procedure is to prohibit the use of funds obtained through self-sufficient sources from being applied to support ongoing programs. For example, the South Carolina dedicated tax must supplement and may not "supplant" existing funds.

The limitation of such prohibitions is the difficulty in determining what specific activities are actually being supported by money going to a particular agency. For example, how can one determine whether funds supplied to support a special ASAP enforcement patrol are really going into alcohol enforcement as opposed to other police traffic services? One state (New York) attempts to overcome this problem by putting the burden of proof upon the agencies receiving funds to show that they are being used to increase the program. While this may make it more difficult to circumvent a prohibition, it does not solve the problem.

- **Pre-Existing Levels**

Another method for securing program advancement is to insert into self-sufficient funding systems a provision requiring recipients of funds to maintain their own contributions to alcohol safety efforts at pre-existing levels. New York uses this device. This approach insures that funds are applied to an expansion of an agency's activity, although there is no assurance that it is alcohol safety activity that is expanded.

- **User Control**

Another way to keep state and local administrative agencies from absorbing alcohol safety funds is to give the ultimate users greater control of the funds. The users may be represented by local committees, commissions, or coordinators who are charged with reducing alcohol highway deaths and injuries within the communities. With this mission, they are presumably motivated to advance alcohol safety efforts. In New York, for example, the responsibility for planning the local distribution of fine revenues is

given to county alcohol safety coordinators. While the use of local coordination was intended primarily to permit programs to better fit local needs and resources, it also helps to focus program efforts upon advancement rather than mere maintenance of local alcohol safety efforts.

MANAGING FUNDS

For the most part, the management of funds secured through a self-sufficient system is the same as management of any other funds. However, there are a few problems that are peculiar to self-sufficient funding sources. These include financing deficits and interest bearing accounts.

Financing Deficits

One of the very practical differences between an appropriation from the general fund and revenues from a self-sufficient funding source is that an appropriation is for a fixed amount that can be counted upon, while self-sufficient funding revenues depend upon how much is collected. A program financed out of self-sufficient funds can experience deficits from time to time as revenues fall behind expenditures due to:

- shortfalls in the revenue producing activity (e.g., convictions, alcohol sales)
- delinquency in the collection of funds (e.g., waivers of fines)
- lags in the processing of funds

Deficits can arise any time, but are particularly likely to occur with new programs where there is no basis for anticipating the nature and magnitude of shortfalls, delinquencies, and delays. Under such circumstances, agencies may find they have spent money they do not really have. This happened both in New York and Colorado where revenues from a fine and assessment respectively did not materialize as early as the agencies funded by them had expected.

Steps that can be taken to prevent deficits include: (1) analyzing the system, (2) educating recipients, (3) providing an appropriation, and (4) allowing funds to accumulate.

- **Analyzing the System**

When a new funding system goes into effect it must be examined very closely. This examination should include studying the provisions of the law as well as getting opinions from administrators and legal counsel as to how it will operate. Particular attention must be paid to *when* collection of funds will commence. Where funds are to be obtained from DWIs, the law may only permit collection from those arrested after it went into effect. It may take several months for the first of these cases to be adjudicated and funds obtained. This was part of the problem in both New York and Colorado.

- **Educate Recipients**

The individuals who manage self-sufficient funds the agencies receive may be totally unfamiliar with them. They may tend to treat revenue estimates as the appropriations

they are used to. It is important that everyone be fully informed as to the way a particular self-sufficient funding system operates, including when they can expect funds, how much they can expect to get, and what confidence they can place in the expectations.

- **Provide an Appropriation**

One way to prevent deficits in self-sufficient funding from affecting the programs funded is by appropriating monies from the general fund, which is then reimbursed with revenues from the self-sufficient funding source as they are collected. Any deficits are absorbed by the general fund, but made up for either by reducing the next year's appropriation or by finding some way of increasing revenues. Over a time, the amounts appropriated equal the revenues received, so that the program is truly self-sufficient. The general fund functions simply to smooth out temporary deficits and surpluses and provide stable income. The state of Florida has used this approach in funding coordination of rehabilitation activities, using assessments paid by rehabilitation agencies to cover coordination expenses.

There is a real danger that, in channeling revenues through the general fund, the independence that comes with self-sufficiency will be gradually eroded. The agency handling the appropriation may come to treat the revenue as its own and the appropriation as any other item in its budget. Sooner or later it might start diverting the funds to other uses. The legislation under which the funding is created must preserve the dedication of the fund to the specific alcohol safety effort to be supported.

- **Allow Funds to Accumulate**

The safest course of action is to require funds to accumulate for some period of time before expenditures are permitted. While this delays the start of the program funded, it assures that expenditures are made against funds that are actually available. This approach was used in Colorado where an assessment for enforcement purposes was initiated a year before the first expenditures were authorized.

Interest-Bearing Accounts

When self-sufficient funding systems are established, the funds are typically maintained in a separate account. This is desirable in order to keep self-sufficient funds from being mixed with general funds and diverted to the support of other programs.

If a special fund is created, an opportunity is presented to generate additional revenue by placing the funds in interest-bearing accounts. Those who manage funds need to know if the funds can be put in an interest-bearing account and if they are, who is entitled to the interest. The best way to handle these issues is through the legislation creating the fund. This was done in Maine where a portion of a dedicated alcohol tax goes into a special interest-bearing fund to support long-term alcohol prevention and research. The law specifies what funds are to go into an interest-bearing account, what the interest is to be used for, and when agencies can start using it. In contrast, the legislation authorizing counties in California to apply a portion of funds to alcohol programs did not treat the issue of interest-bearing accounts. As a consequence, some of the counties used such accounts while others did not. Where they were used, some of the counties applied the interest to support of alcohol programs, while others treated it as county revenue.

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